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We believe that Stalin's death will have no immediate effect upon Sino-Soviet cooperation or upon Chinese Communist foreign policies. Unlike the European Satellites, the Chinese Communist government has been more of a partner than a slave of the USSR. However, no successor to Stalin will have his prestige and authority in Asia. The stature of Mao as leader and theoretician of Asian Communism will inevitably increase and he will almost certainly have more influence in determining Bloc policy for Asia. He almost certainly will not seek leadership of the international Communist movement. The new Moscow leadership will probably deal cautiously with Mao; if it does not, serious strains in Sino-Soviet relations will almost certainly develop.

And now, what effects will this change have on the rest of the Soviet world? For some time we believe that no successor to Stalin will be able to achieve comparable status as a symbol of the international Communist movement and as the undisputed leader of world Communism. This may have some effect on the rank and file, at least temporarily, but the cohesion of the hard core of the Communist movement outside the Bloc is not likely to be impaired, unless there should be a struggle for power within the Soviet Communist Party.

Kremlin control over the European Satellites is so firm that we do not believe it will be shaken by the death of Stalin, unless a struggle in the Soviet Communist Party should spread to the Soviet Army and the Soviet Security Forces.

And now to look at Western reactions to the death of Stalin and the elevation of M lenkov. The most interesting western reaction is probably that of Yugoslavia. Relations between Tito and Moscow are unlikely to change as a result of the death of Stalin. The antagonism was not personal, but arose from a genuine clash of Yugoslav national interests with the Soviet Communist Party. Moreover, both sides have taken actions and adopted positions which would be extremely difficult to reverse. The Kremlin could not recognize Tito as an independent Communist ally without undermining its position with the European Satellites.

We do not believe that Tito's influence within the Satellites or within Communist Parties outside the Bloc will increase, unless there should be a prolonged struggle for power in the USSR.

We believe that in general Western European leaders will be disposed for the time being to conduct the East-West struggle with greater hesitancy and caution. They will probably fear that any immediate Western pressure on the Bloc would increase the danger of war and facilitate the stabilization of authority in the USSR. They will also probably hope that, if Western pressure is not exerted, the problems involved in the consolidation of the authority of the new regime will bring about at least a temporary relaxation of tensions and enable them to postpone disagreeable policy decisions.

In French North Africa, growing nationalism threatens French control. Concessions to North African nationalism may forestall serious trouble for the next several years, but the nationalists will remain unsatisfied. France itself is acutely aware that without North Africa she will be gravely weakened; nevertheless, she will eventually have to make some new arrangements with Morocco and Tunisia or be faced with increasingly costly repression.

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The free world military position in the Middle East as a whole is likely to remain weak. Because of suspicions of Western motives and rivalries within the area, it will be difficult to establish a Middle East defense organization. Even if this organization is established, the countries of the area will be unable to contribute significant forces to its support, and they will continue to resist the stationing of Western forces in their territories.

In the Far East, the rapid postwar expansion of Communist influence has slackened, at least temporarily. Some non-Communist governments have increased in strength and stability. However, the area remains vulnerable to further Communist exploitation because of anti-Western sentiment, the desire for improved economic status, and the ineffective leadership of most non-Communist Far Eastern governments.

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In Indochina the situation is one of political and military stalemate. No decisive shift in the balance is likely in the foreseeable future. The French military effort in that country constitutes a heavy drain on the resources of metropolitan France. We believe that the French will continue their commitment in Indochina at approximately the present level, but will attempt to transfer to the U.S. the burden of any increasing costs or additional effort.

In Korea, the Communists are capable of launching a large-scale offensive virtually without warning. We believe that the Communists will protract the armistice negotiations so long as they consider that they can continue to gain political and military advantages from the situation in Korea and so long as they estimate that a continuation of the Korean war does not involve grave risk of global war. Even if an armistice is concluded, Korea will almost certainly remain an area of grave danger, and the object of intensive Communist political warfare.

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SECURITY INFORMATION

In Latin America, the traditional social order is disintegrating. This process has produced political instability more profound than in the past has characterized the politics awkward of Latin America. The political trend is toward extremely nationalistic regimes based on support by the depressed masses, of which the Peron regime in Argentina is the prototype. The Communists, though numerically weak, are operating through various fronts and can readily exploit the social unrest and ultra-nationalism already existing in the non-Communist population. Both Communists and extreme nationalists are sabotaging Latin America cooperation with the United States.

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LOOKING AT WEST FROM SOVIET

Now, to look at the world situation as the new regime sees it from Moscow. From there, they could view with satisfaction the great increase in the strength of the Soviet Bloc since World War II. Nevertheless, the Kremlin almost certainly estimates that general war would be a gamble, involving at a minimum widespread destruction in the Soviet Bloc and the risk that the Kremlin's system of control would be destroyed.

The Kremlin almost certainly recognizes these facts: -

That the states of Western Europe are now more stable than at any time since World War II.

That the position of most non-Communist states in Asia is somewhat stronger than in 1950.

That progress has been made toward the unification and rearmament of Western Europe and toward improving the West's defenses in the Pacific.

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That the U.S. has made great strides toward developing its economic and military power and toward providing leadership for the West.

Moreover, the Kremlin must assume that the West is making rapid progress in the development and production of new weapons.

However, despite these increases in the strength of the free world, the Kremlin almost certainly estimates that opportunities remain for continued progress toward its long-range objectives without resort to general war. It probably estimates, for example:

That the economies of the non-Communist states are highly vulnerable to depression and inflationary crises, which would have serious social and political repercussions.

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That Western political unity will be undermined by such developments as the revival of West German military power, the intrusion of German and Japanese products into export markets now dominated by other states, and conflicting tariff and trade policies.

That opportunity exists for exploiting discontent and nationalist aspirations in Asia, Africa, and Latin America.

The Kremlin almost certainly estimates that the divergent interests of the Western Powers will sooner or later weaken or destroy their present unity. It probably also believes that no international organization which does not have the centralized leadership and control which the USSR provides can survive the strains and pressures of modern political warfare.

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TO SUMMARIZE

The outlook is for a continuation of Soviet efforts to undermine and destroy the non-Communist world by cold war tactics, rather than in a hot war. If the growth of free world strength and unity continues, the Communists will probably place particular emphasis upon "united front" tactics and upon propaganda and diplomatic moves designed to split the Western allies and to promote dissension within non-Soviet countries.

Thus, great danger for the immediate future will lie in political and economic difficulties and divisions within the free world itself which would check the development of unity and afford opportunities for Communist exploitation.

While the widespread fear of imminent global war has lessened, the Soviet leaders have not moderated their hostility toward the free world. No general settlement between the Soviet and the free world is in prospect.

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CLOSING REMARKS

While, as stated, we do not anticipate that the Soviet will project a war in the immediate future, in a situation containing so many danger points--Berlin, Iran, Indochina, Korea, and the new transfer of power in Moscow--the impact of action and reaction may have almost any consequence.